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ABSTRACT

This report by the Department of Education examines the progress made by the Student Financial Assistance (SFA) program in reaching its objectives. The report notes that for objective 1, customer satisfaction, more than 4 million direct loan records have been processed and over 1 million updates applied since winter 1999; that 84 percent of school certifications have been processed within the 120-day standard; and that a Web-based function which provides accurate and timely information on the Free Application for Federal Student Aid (FAFSA) has been implemented. For objective 2, reduce the overall cost of delivering student aid, it is noted that electronic processing of FAFSA has increased by 25 percent; that new electronic billing for direct loan borrowers eliminates the need for paper documentation; that the design of the new financial system is on track; and that a draft design for new technical architecture has been completed. For objective 3, employee satisfaction, the report notes that SFA is now providing training to its employees on a wide range of subjects; that it is in the process of identifying the top five employee satisfaction issues; and that it is seeking a new Washington, DC location. A two-page checklist of performance plan indicators is included. (CH)

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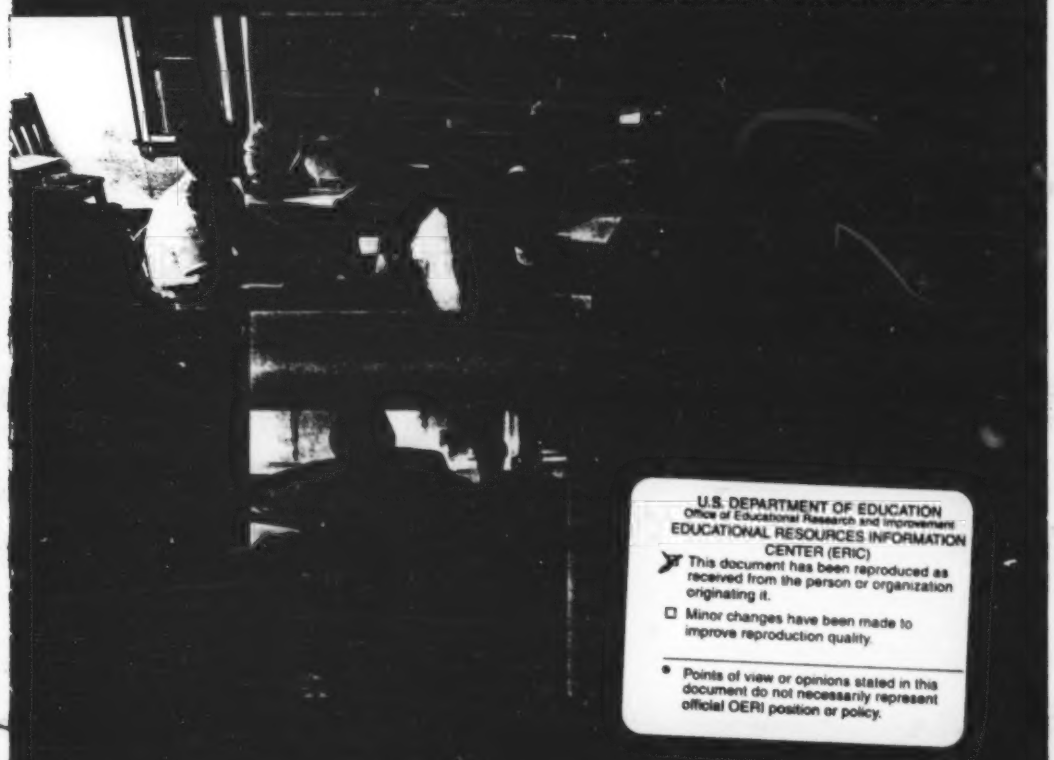
Performance Plan

Progress Report
1st Quarter Fiscal Year 2000

Student Financial Assistance



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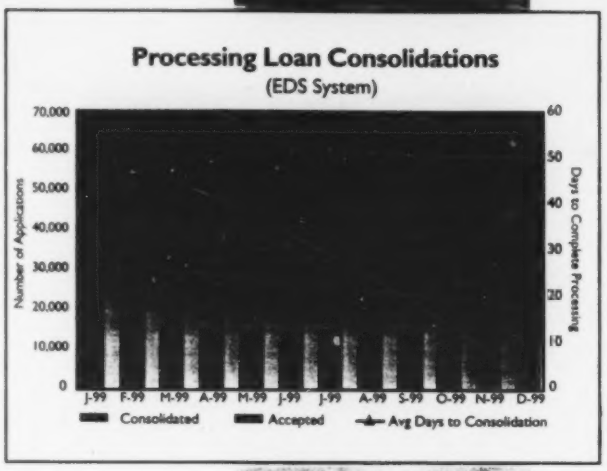
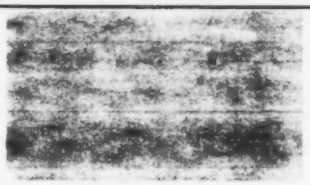
1 OBJECTIVE ONE: Customer Satisfaction

- In winter 1999, the Direct Loan Servicer began participating in the National Student Loan Clearinghouse (NSLC). The Clearinghouse provides the most current enrollment data from all participating schools. Since its participation, over 4 million Direct Loan records have been processed and over 1 million updates applied.
- Processing school recertifications within 120 days of receipt is an important goal that Student Financial Assistance (SFA) has taken seriously this quarter. In December 1999, 84 percent of school recertifications were processed within this standard, double the percentage processed in September 1999, and well on the way toward achieving the goal of 95 percent.





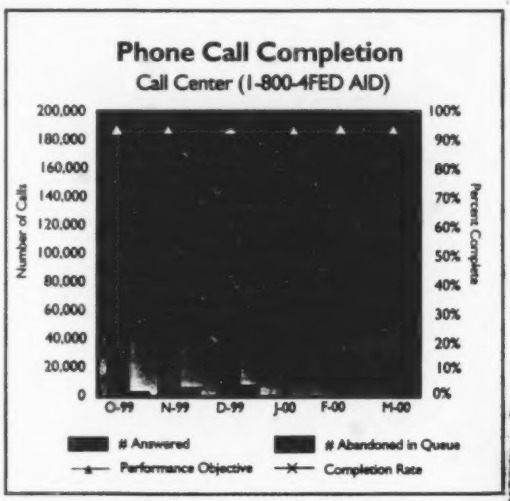
"Really impressive, that's what it is! Not four weeks after we talked, and each of the problems I brought to you are resolved. This is a winner! Thanks for the help."

Financial Aid Officer
Oregon

All is Running Smoothly

As SFA oversees the delivery of over $51 billion in federal student aid grants and loans to nearly 8.4 million students and parents, the operation of day-to-day activities continues to run smoothly. FAFSA processing time remains under 8 days, and Direct Loan consolidation is now being performed in 50 days, less than the performance goal of 60 days. The Call Center (1-800-4 FEDAID) response rate exceeds the goal of 95 percent for the first quarter of 2000, and the Default Recovery Rate remains above 10 percent.

- SFA implemented a Web-based function that provides a more accurate and timely status on Free Application For Student Assistance (FAFSA) applications. Prior to this, only Web-submitted applications could be checked. Initial feedback from students has been very positive.
- Software is now being used by five states and consortia that transfers appropriate admissions application information electronically into the FAFSA on the Web—simplifying the application process for student and parent borrowers and reducing the error rate.
- After testing with customers, SFA's redesigned electronic consolidation application is now available to make applying simpler and more user friendly.



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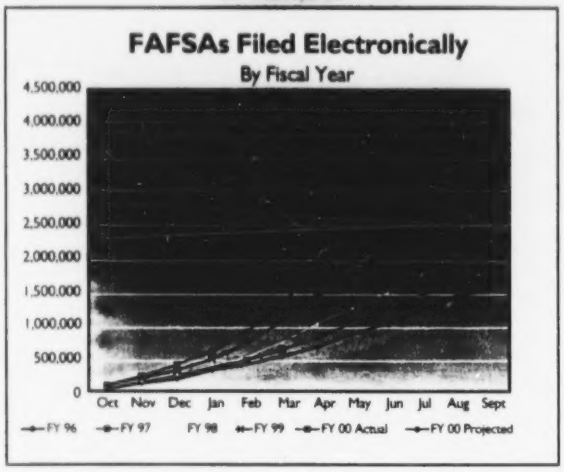
2 OBJECTIVE TWO: Reduce the Overall Cost of Delivering Student Aid

- SFA is on track to receive 4 million electronic FAFSA applications by September 2000, up 25 percent from the last cycle. Taxpayers save 45 percent when electronic applications are used instead of paper applications.
- New electronic billing for Direct Loan borrowers allows them to receive statements and make monthly payments electronically, eliminating the need for exchange of paper documents.
- The design of SFA's new Financial System is on track. This new integrated system will allow each Channel manager to focus attention on making SFA operate more efficiently and at a lower unit cost.



- SFA has completed the draft design of the standard technical architecture, which will allow for the migration from today's legacy systems to a streamlined environment. This will allow SFA to better leverage technical investments and gain use of technical architecture components across many SFA initiatives.

"What if everyone were as thoughtful as you? I really appreciate the many conversations that we shared in resolving my loan problems."

Student loan borrower

3 OBJECTIVE THREE: Employee Satisfaction

- "SFA University" is now providing high-quality training to SFA employees on a wide range of subjects. In addition to training on Title IV programs, training is available for technical and leadership skills. Additional training will be provided for employees moving to new responsibilities or performing prior duties in new ways.
- SFA's Labor Management Partnership Council has developed an Employee Satisfaction Team, which is in the final stages of identifying the top five employee satisfaction issues for this year. Once identified, SFA will focus on these priorities.
- SFA is working with the Office of Management and Budget (OMB) and the General Services Administration (GSA) to find a new location for its Washington, D.C. offices. While plans are still in the beginning stages, it is expected that the relocation will occur within the next eighteen months.

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PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE

as of December 31, 1999

Objective	Indicator	Status
Student Channel	Process loan consolidations in 60 days or less, currently averaging 50 days.	
	Keep the default recovery rate at 10 percent or higher, currently at 10.5 percent.	
	Call center (1-800-4FEDAID) answers 95 percent of phone calls.	
	Reduce the Lifetime Default Rate.	
	Process Free Applications for Federal Student Aid (FAFSAs) with an average turnaround time of eight days or less, currently averaging six days.	
	Respond to internal audit reports within the timeframe specified.	
	Create a new, high-quality, SFA Web site linked to the Access America Web site and the Department's "Think College Early" Web site. Pending OMB guidance, link to appropriate sites in the education community.	
	Ensure that information is provided in accessible formats to meet the Department of Education's standards for special needs.	
	Partner with the Puerto Rican education community to focus on its needs, translate more of our publications into Spanish and post them on a Spanish version of our Web page.	
	Sponsor the first annual workshop to promote outreach partnerships.	
	Test all new aid awareness products and services with students and parents to make sure they are understandable.	
	Redesign the 2001-2002 Free Application for Federal Student Aid (FAFSA) to make it demonstrably simpler and more user friendly.	
	Redesign the Direct Loan consolidation electronic application to make it demonstrably simpler and more user friendly.	
	Work with five states and college consortia so data from college applications can be electronically applied to fill out FAFSA on the Web.	
	Expand FAFSA Correction on the Web capabilities.	
	Notify students when their electronic FAFSAs have been received, and again when processing has been completed.	
	Work with the IRS to participate in a pilot test of electronic matching of income data.	
	Allow electronic submission of Direct Loan consolidation forms (except for forms containing a signature page) via the Internet.	
	Test all proposed changes to our forms with focus groups of current and former students.	
	Include all our forms in a "pdf" file format on our Web site.	
	Establish one toll-free number, including TTY, for "one call" student customer service.	
	Reduce turnaround time for processing Direct Loan forbearance and deferment requests. Current contract standard is within ten days from the date of receipt and the current baseline averages between five and seven days.	
	Increase the number of FAFSAs filed electronically from three million to four million in FY2000.	
	Eliminate paper processing (with the exception of promissory notes) for students participating in our MENTOR Project in the state of New York.	
	Partner with the National Student Loan Clearinghouse so we can eliminate mismatches in enrollment information between our own and our partner's processes.	
	Try at least five new ways to make debt collection more effective, less costly, and more customer service oriented.	
	Increase by five, the number of guaranty agency partnerships with SFA designed to improve portfolio management.	
Schools Channel	Process 95 percent of school recertifications within 120 days of receipt. Current benchmark is 42 percent.	
	Complete 95 percent of reimbursement requests within 30 days.	
	Keep the cohort default rate under 10 percent. Current baseline is 8.8 percent.	
	Resolve 90 percent of school audits within six months of receipt. Current baseline is 82 percent.	
	Process Direct Loan origination and disbursement records within three days. Current baseline is three days.	
	Process Pell origination and disbursement records within 24-36 hours. Current baseline is three days.	
	Identify schools that fail to submit audits or that submit audit reports late and take appropriate action.	
	Respond to internal audit reports within the timeframe specified.	
	Expand our current initiatives for new schools, including the creation of an eligibility checklist, preparing instructions on how to begin to draw funds, providing on-site technical assistance if requested, and extending an invitation to come to the regional office to meet the SFA staff.	
	Expand our current initiatives to help non-compliant schools and schools on reimbursement prepare action plans to improve their management of Title IV programs.	
	Assign each school a contact point who will be a part of a Customer Service Team with the know-how and authority to solve problems with one call. Contact points for institutions will respond to an institution's inquiry within 48 hours.	
	Post the schedule of SFA publications needed by schools on our Web site, and get public feedback on it.	

✔ Complete On Target Progress Concerns

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PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE (cont.)

Objective	Indicator	Status
Schools Channel (cont.)	Participate in the Partnership Forum (establish Partnership Council Teams with our school partners) to develop common business processes and interchange standards for Pell, Direct loans and FFELP. Ensure delivery of quality customer service and address other common concerns.	
	Allow schools to download all SFA software and materials through IFAP or the SFA Web site.	
	Involve schools in operational decisions to assess their impact, and test changes with schools before implementing them.	
	Increase school's access to SFA databases within Privacy Act constraints and with appropriate security measures.	
	Improve the Direct Loan origination, reconciliation and closeout process. Test and evaluate an alternative origination and payments system using a commercial servicer as part of the Access America for Students project.	
	Electronically process official cohort rate appeals based on new data.	
	Initiate a feasibility study to identify the technology solutions that can be used to fully automate the compliance audit and financial statement submission and review process.	
	Work with schools to improve the quality of data in PEPS.	
Financial Partners	Reduce the Lifetime Default Rate.	
	Identify guaranty agencies and lenders that submit audit reports late and take appropriate action.	
	Respond to internal audit reports within the timeframe specified.	
	Create a rapid response team to identify and to address serious administrative problems.	
	Continue to work with guaranty agencies and lenders to maintain the quality of data in NSLDS.	
	Assign each financial partner a contact point within a customer service team with the know-how and the authority to get questions answered and problems solved.	
	Give guarantors access to all the information in the National Student Loan Data System within Privacy Act constraints and with appropriate security measure.	
	Involve our partners in the design of everything that affects them.	
	Join current guarantor and lender groups or establish Partnership Council Teams with guaranty agencies and lenders to develop guiding principles of quality service, training and technical assistance materials and performance data for benchmarking purposes. Develop common standards and operating rules to simplify transactions, and to address issues to improve service to students.	
	Develop electronic payment/reporting systems, in cooperation with guarantors.	
	Continuously ask our financial partners two questions: "Are we doing a better job as your partner?" and "What can we do next year to improve even more?"	
	Increase the default recovery rate for loans in default held by guaranty agencies.	
	Enter into up to six Voluntary Flexible Agreements with guaranty agencies in FY 2000, as called for in legislation, to experiment with improved ways to deliver aid, improve program integrity, and realize cost efficiencies.	
	Reduce fraudulent death and disability cases below 1998 baseline.	
	Within the Financial Partners channel, develop a project team and management methodology consistent with SFA enterprise-wide tools.	
CIO	Provide outreach services to the school community in Year 2000 preparedness, which will result in a Year 2000 school readiness measure in excess of 70 percent as reflected in a Department-focused survey on October 15, 1999.	
	Provide all student aid financial services without invoking contingency plans as a result of a major delivery system failure	
	Manage the transition of all systems into the millennium in accordance with the Office of Chief Information Officer (OCIO) Day One plans with all events occurring as planned.	
	Manage the implementation of new systems or changes to systems from November 1999 to March 2000 with minimum risk and resulting in no system failures.	
	Achieve 90 percent of the annual major modernization milestones that have been approved by the Information Technology Investment Review Board.	
	Maintain the data system and communication infrastructure service levels, while reducing the operating cost by 10 percent through consolidation of operations.	
	Work with schools to improve the quality of data in NSLDS.	
	Respond to internal audit reports within the timeframe specified.	
	Maintain and refine the System Modernization Blueprint, which addresses two of the PBO's statutory responsibilities. Publish an updated Blueprint semi-annually.	
CFO	Receive an unqualified opinion on the FY99 financial statement audit.	
	Respond to internal audit reports within the timeframe specified.	
	Interim Activity-Based Cost accounting system is operational.	
	Complete Phases I and II of the Financial Management System.	

✔ Complete On Target Progress Concerns

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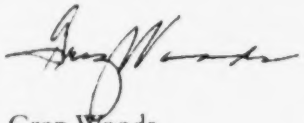
A MESSAGE FROM THE CHIEF OPERATING OFFICER

Dear Customers and Partners:

Our first progress report of fiscal year 2000 shows us off to a flying start. Our service is faster and more courteous than ever, our costs are coming down, and the whole SFA team is ready for action. These brief pages highlight some results of the tremendous effort the team has made, the new partnerships we've forged, and our preparations for even higher performance. But what matters most is what our customers have to say, so we put their words in, too—words like "thoughtful," "impressive," and just plain "thanks." That's why we come to work—to help put America through school. We succeed when their dreams of bright futures come true.



Greg Woods

Number and Dollar Amount of Federal Student Aid Awards
Student Financial Assistance, U.S. Department of Education
FY 1999 – FY 2001[1]

	FY 1999 (Est)		FY 2000 (Est)		FY 2001 (Projected)[2]	
	No. of Awards (Mil)	$ Awarded (Bil)	No. of Awards (Mil)	$ Awarded (Bil)	No. of Awards (Mil)	$ Awarded (Bil)
Pell Grants	3.8	7.3	3.8	7.9	3.9	8.5
Federal Family Education Loans (FFEL)	5.4	20.1	5.7	21.0	5.9	22.2
Federal Direct Student Loans (DL)	2.9	9.9	2.9	10.6	3.0	11.2
Consolidation Loans[3]	0.7	12.7	0.5	8.8	0.5	9.1
Campus-Based Programs	2.7	2.9	2.8	3.0	2.9	3.1
Work-Study	0.9	1.0	1.0	1.1	1.0	1.2
Supplemental Grants	1.1	0.8	1.1	0.8	1.2	0.9
Perkins Loans	0.7	1.1	0.7	1.1	0.7	1.0
Leveraging Educational Assistance Partnerships[4]	0.1	0.1	0.1	0.1	0.1	0.1
Total	**15.6**	**53.0**	**15.8**	**51.4**	**16.3**	**54.2**
Number of Students Aided by SFA Programs (Unduplicated Count)	**8.2**		**8.4**		**8.6**	

Note: Totals may not add due to rounding.

[1] Shows total aid generated by Student Financial Assistance, including Federal Family Education Loan capital, Perkins Loan capital from institutional revolving funds, and institutional and matching state funds.

[2] Based upon requested amounts in the FY 2001 President's Budget.

[3] New FFEL and DL issued to consolidate existing loans.

[4] Reflects the LEAP program's statutory dollar for dollar state matching requirements. Discretionary state contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of aid available, and the average award.

SOURCE: U.S. Department of Education, Office of the Undersecretary

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